



# Audit and Risk Committee Charter

June 2023

Austrade's Chief Executive Officer (CEO) has established an Audit and Risk Committee (the Committee) in compliance with subsection 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and subsection 17 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).

This Charter sets out the Committee's role, authority, membership, functions, reporting and administrative arrangements.

## 1. Role

The Committee's role is to provide independent advice to the CEO on the appropriateness\* of Austrade's financial reporting, performance reporting, system of risk oversight and management, and system of internal control.

- 1.1 The Committee has no management responsibilities. It does not make decisions in relation to Austrade's processes and functions.
- 1.2 The Committee will engage with management in a constructive and professional manner in discharging its responsibilities and formulating its independent advice to the CEO.
- 1.3 Members of the Committee are expected to understand and observe the legal requirements of the PGPA Act and PGPA Rule. Members are also expected to:
  - 1.3.1 act in the best interests of Austrade as a whole;
  - 1.3.2 apply good analytical skills, objectivity and judgment;
  - 1.3.3 express opinions constructively and openly, raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry; and
  - 1.3.4. contribute the time required to meet their responsibilities.
- 1.4 Committee members must not use or disclose information obtained by the Committee except in meeting the Committee's responsibilities, other than required by law, or unless expressly agreed by the CEO.

## 2. Authority

The CEO authorises the Committee, in accordance with its role and responsibilities, to:

- 2.1 obtain any information it requires from any official and/or external party (subject to their legal obligation to protect information).
- 2.2 discuss any matters with the Australian National Audit Office (ANAO), or other external parties (subject to confidentiality considerations).
- 2.3 request the attendance of any official, including the CEO, at Committee meetings.
- 2.4 request legal or other professional advice, subject to approval by the CEO or delegate.

\*For the purposes of the PGPA Act, PGPA Rule, and consistent with rules of statutory interpretation, 'appropriateness' has its ordinary meaning of 'suitable or fitting for a particular purpose'

### 3. Membership

- 3.1 The Committee must consist of at least three members who are appointed by the CEO.
- 3.2 All members of the Committee must be persons who are not officials of the entity and a majority of the members must be persons who are not officials of any Commonwealth entity.
- 3.3 The CEO will appoint one of the members as the Chair of the Committee.
- 3.4 The CEO, Chief Audit Executive, Chief Operating Officer (Chief Risk Officer), Chief Financial Officer, General Manager Digital and Technology, Manager Internal Audit, Risk & Governance and representatives of the outsourced Internal Audit services provider may attend meetings as advisers to the Committee, as determined by the Chair, but will not be members of the Committee.
- 3.5 A representative(s) of the ANAO will be invited to attend all meetings of the Committee.
- 3.6 Committee members will be appointed for an initial period determined by the CEO. Members may be reappointed after a formal review of their performance, for further periods as specified by the CEO.

### 4. Functions

#### Financial reporting

The Committee will review and provide written advice to the CEO on the appropriateness of Austrade's:

- 4.1 annual financial statements and their compliance with the PGPA Act, the PGPA Rule and the Accounting Standards, and recommend their signing by the CEO.
- 4.2 annual supplementary reporting pack to support the Commonwealth Consolidated Financial Statements.
- 4.3 Austrade's financial reporting as a whole with reference to any specific areas of concern or suggestions for improvement.

The Committee will also:

- 4.4 meet privately with the ANAO at least once a year.

#### Performance reporting

The Committee will review and provide written advice to the CEO on the appropriateness of Austrade's:

- 4.5 approach to developing performance information including compliance with mandatory requirements of the PGPA Act and PGPA Rule.
- 4.6 performance information to be included in the Portfolio Budget Statements.
- 4.7 performance information to be included in the Corporate Plan.
- 4.8 the annual performance statements and performance reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

## System of risk oversight and management

The Committee will review and provide written advice to the CEO on the appropriateness of Austrade's:

- 4.9 enterprise risk management policy framework and internal controls for the effective identification and management of Austrade's risks, consistent with the *Commonwealth Risk Management Policy*.
- 4.10 approach to managing key risks—including those associated with individual projects and program implementation and activities.
- 4.11 fraud control arrangements to detect, capture and respond to fraud risks consistent with the Commonwealth Fraud Control Framework.
- 4.12 the system of risk oversight and management as a whole, with reference to the *Commonwealth Risk Management Policy* and the *Commonwealth Fraud Control Framework*, and any specific areas of concern or suggestions for improvement.

## System of internal control

The Committee will provide written advice to the CEO on the appropriateness of Austrade's system of internal control based on its review of the following items and advising on any specific areas of concern or suggestions for improvement:

### Internal Control Framework

- 4.13 management's approach to maintaining an effective internal control framework and whether appropriate processes are in place for assessing compliance with key policies and procedures.
- 4.14 whether management has in place relevant policies and processes.

### Legislative and Policy Compliance

- 4.15 the systems for monitoring Austrade's compliance with laws, regulations, and associated government policies.

### Security Compliance

- 4.16 management's approach to maintaining an effective internal security system through review of Austrade's *Protective Security Policy Framework* maturity assessment and ICT security policy.

### Internal Audit

- 4.17 Internal Audit Program: that the internal audit coverage takes into account Austrade's key risks and recommend approval of the annual internal audit program by the CEO.
- 4.18 Internal Audit Reports: review all internal audit reports and provide advice to the CEO on major concerns identified in those reports, and recommend action on significant matters raised, including identification and dissemination of good practice.
- 4.19 Internal Audit Recommendations: monitor management's implementation of internal audit recommendations.
- 4.20 Internal Audit Charter: periodically review the internal audit charter to ensure appropriate authority, access and reporting arrangements are in place.
- 4.21 Internal Audit Service Provider: endorse to the CEO the recommendation from the Chair of the tender evaluation committee, regarding the appointment of the internal audit service provider.
- 4.22 periodically meet privately with the internal audit service provider.

## Business continuity

- 4.23 the approach taken in establishing business continuity planning arrangements—including whether business continuity and disaster recovery plans have been periodically updated and tested.

## Ethical and lawful behaviour

- 4.24 the steps taken by management to embed a culture that promotes the proper use and management of public resources and commitment to ethical and lawful conduct.

## Parliamentary Committee reports and external reviews

- 4.25 the mechanisms in place to review relevant Parliamentary Committee reports, external reviews, ANAO performance audits of Austrade and other agencies, and the adoption of relevant recommendations and better practice arising from these reports and reviews.

## 5. Reporting

- 5.1 The Chair will report any matter deemed of sufficient importance to the CEO immediately.
- 5.2 The Chair will provide a written report to the CEO after every Committee meeting that summarises the key items of the meeting.
- 5.3 The Committee will provide the CEO with an annual report on its operation and activities against the responsibilities outlined in this Charter.

## 6. Administrative arrangements

### Meetings

- 6.1 The Committee will meet at least five times per year. One or more special meetings may be held to review Austrade's annual financial statements and annual performance statements or to meet other responsibilities of the Committee.
- 6.2 The Chair is required to call a meeting if asked to do so by the CEO and decide if a meeting is required if requested by another member, internal audit or the ANAO.

### Planning

- 6.3 The Committee will develop and maintain, with the assistance of the Secretariat an annual work plan that includes the dates, location, and proposed agenda items for each meeting for the forthcoming year, that covers all the responsibilities outlined in this Charter.

### Attendance at meetings and quorums

- 6.4 A quorum will consist of a majority of members, the quorum must be in place at all times during the meeting.

### Secretariat

- 6.5 The CEO, in consultation with the Committee, will appoint a person to provide secretariat support to the Committee. The secretariat will: ensure the agenda for each meeting is approved by the Chair, the agenda and supporting papers are circulated at least one week before the meeting and ensure that minutes of the meetings are prepared and maintained. Minutes must be reviewed by the Chair and circulated in a timely manner to each member and Committee advisers and observers, as appropriate, prior to being included in the papers for the next meeting.

## Conflicts of Interest

- 6.6 At the beginning of each Committee meeting, members must declare any material conflicts of interest that may apply to specific matters on the meeting agenda and may be, or perceived to be, a conflict of interest. The Chair may excuse members, or herself, from the meeting or from the Committee's consideration of the relevant agenda item(s). Details of conflicts of interest declared by members, and actions taken, will be appropriately recorded in the minutes.
- 6.7 The Chair will discuss with the CEO any material conflicts of interest. The CEO should be satisfied there are sufficient processes in place to manage any real or perceived conflicts of interest.

## Assessment arrangements

- 6.8 The Chief Audit Executive will undertake a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined) with appropriate input sought from Committee members, internal audit, and any other relevant stakeholders. The results of the performance assessment will be reported to the CEO.
- 6.9 The Chair will provide advice to the CEO on a member's performance where an extension of the member's tenure is being considered.

## Review of the Charter

- 6.10 The Committee will review this Charter annually and recommend it for approval by the CEO.